

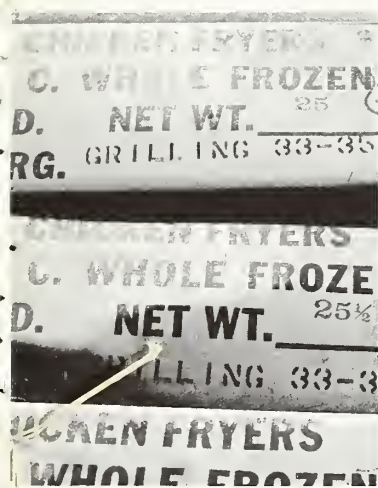
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8/6

# FOREIGN AGRICULTURE



February 9, 1970

**U.S. Poultry in World Trade**  
**Japanese Farm Structure**  
**Markets for U.S. Wheat**

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## This week's cover:

During the 1960's, the United States became the world's leading poultry meat exporter and is now holding the No. 2 spot, despite EC import restrictions and subsidized European competition—by shifting its product emphasis from whole frozen broilers (being examined by German importers, top) to chicken and turkey parts (frozen packages, center) and whole turkeys (on display in Japanese supermarket, bottom); and by seeking new markets the world over. See story beginning page 8.

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# Changed Rice Policies

By JOSEPH R. BARSE  
*Foreign Development and Trade Division, ERS*

Japan's new Cabinet and the Parliament just elected in December face major questions about the economic structure of the country's agriculture. Twin crises of rice surplus and the Japanese Government's financial losses in rice operations have thrust these questions into the limelight. Will rice output be reduced? Can farmers really be made more prosperous through inducements to shift out of rice to other kinds of farming? What kinds of farming would new incentives especially favor? Livestock raising? U.S. agriculture, as a supplier of soybeans, feedgrains, and wheat, has an interest in Japan's answers to these questions.

## Surplus rice, financial deficit

Rice production in Japan has exceeded consumption for the last 3 years. (See article "Japan Attempting to Solve Problem of Too Much Rice," *Foreign Agriculture*, Sept. 15, 1969.) The surplus from each year's crop has averaged

Cultivating a small Japanese rice field.



# ould Transform Japan's Farming

about 1.8 million tons in 1967-69. (Rice figures are brown basis in metric tons throughout.) Rice crops of these years averaged 14.3 million tons, substantially exceeding those of 1960-66, which were each between 12 million and 13 million. Moreover, total consumption of domestic rice declined slightly from a 1960-66 average of 12.7 million tons per year to about 12.5 million tons in 1967-69. Thus emerged the persistent rice surplus and an increasing stockpile.

The Food Agency of the Japanese Government acquires most of the rice crop each year and owns almost all the inventories because it offers to buy unlimited quantities of standard-quality domestic rice from farmers at well-publicized high prices. At the start of a new rice marketing year on November 1, 1966, Food Agency inventories of 1965-crop rice were only 200,000 tons. But by November 1, 1969, the Agency's carryover of old-crop rice reached 5.6 million tons, threatening to rise to about 7.5 million tons by November 1970.

The Food Agency's purchase, storing, transport, and resale operations in domestic rice for the Japanese fiscal year (JFY) 1968—April 1, 1968, to March 31, 1969—posted a deficit of about \$745 million, double the loss in JFY 1965. This deficit, which has been rising year by year, has had to be covered mainly by the government's general revenues.

To show how the loss occurred, Food Agency margins per ton of rice sold in JFY 1968 can be estimated. Rice sold to wholesalers cost the government approximately \$380 per ton to buy, at the average support cost, plus an amount of about \$48 per ton for administration, storage, and transport to wholesale market areas, for an estimated total gross cost of \$428 per ton. The net cost (which is the loss to the Food Agency) is this amount minus the average price at which rice was resold by the Food Agency to private wholesalers. In JFY 1968, the resale price was roughly \$335 per ton, resulting in an estimated loss of \$93 per ton of rice sold that year. Thus, the Food Agency gave wholesalers a discount not just from the total cost, but even from the support cost, on the almost 7.4 million tons of rice it resold during that period.

## Possible remedies partly underway

To grapple with the rice problem, the Japanese Government is attempting to make concessional exports, to limit Food Agency purchases, and to decrease rice production. In 1969, Japan began to export rice at subsidized prices on easy payment terms (to Korea and Indonesia). In November, an agreement was announced to export 100,000 tons of rice to Pakistan, with the first repayments in kind due only after a 10-year grace period. Similar transactions may become more numerous. There are reports that the Japanese Government plans to request P.L.-480-type legislation from the new Parliament just elected. Such a law would enable the government to reduce rice surpluses by stepping up grant-aid programs to less-developed nations. However, ton for ton, concessional rice exports have been even more expensive to the government than resale of rice for domestic use, and they probably will continue to be.

The government has helped to set up new marketing chan-

nels to divert more of domestic rice from the Food Agency to the private trade. In 1969, the Agency announced it would try to limit its purchases to about 7.6 million tons of 1969 crop rice (it had bought 10.0 million tons of the 1968 crop) by shifting about 1.7 million tons or more to the new channels. This would be in addition to roughly 1 million tons already moving through the tolerated "black market." Initial farm level prices in the private trade were comparable to support levels. If the new private marketing program works, government financial losses may be cut, but by December 31, 1969, the Food Agency had already acquired 8.5 million tons, and it will probably have purchased 9.1 million by the end of February 1970. Thus, the private marketing scheme has not met all expectations.

New steps have already been taken and others proposed by the Ministry of Agriculture to cut back rice output. Yet these new steps will not succeed easily, because powerful trends of recent years will have to be reversed. As recently as October 1965, the Ministry of Agriculture announced a long-range plan to increase rice production. The plan aimed at higher yields and more planted acreage through improved cultural practices, reclamation, and farm consolidation.

Government price support policy reinforced this plan, as Food Agency prices to farmers were raised by 9 percent in 1966, by an additional 9 percent in 1967, and by 6 percent in 1968 (to \$383 per ton). These support prices have been set by the Prime Minister and his Cabinet each summer for the growing crop to be harvested that same year. Because of support price increases each year during 1961-68, the expectation of regular boosts must have acted as a powerful incentive upon farmers' decisions to maintain acreage and employ more advanced technology. Furthermore, farmers' investments in a crop already growing led them to lobby resourcefully prior to Cabinet decisions on support levels.

## Change in rice policy

The first break with past rice policy came in November 1968 in the Ministry of Agriculture's supply-demand forecast and farm plan for 1977. The plan aimed at reducing the area planted to rice by about 111,000 acres annually, to cut back the 1968 area of 8.0 million acres to 6.9 million by 1977. The first rice acreage diversion program was then announced, including 1969 payments to farmers of \$225 per acre for diverting rice land to other crops; but funds were provided to divert only 25,000 acres. In February 1969, the Ministry's White Paper on Agriculture endorsed not just acreage diversion but a decrease in rice production as well.

In June 1969, the Cabinet decided not to increase the Food Agency's rice purchase price for the first time in almost a decade. Still, the price decision had no impact on the size of the crop then growing.

In October, the Ministry of Agriculture announced an accelerated 3-year diversion plan, hoping to reduce rice acreage by about 10 percent annually, or about 790,000 acres per year during 1970-73. Since no irrigated rice acreage was in fact diverted out of rice (net) in 1969 despite the initial diversion program, the Ministry may—according to reports—set a diversion payment in 1970 of about \$337

per acre, although farmers' cooperatives have asked for a rate of about \$450 per acre.

Not only the payment rate but also the amount of the diversion appropriation eventually authorized by the Parliament will help determine how much acreage will be diverted. A successful program to divert 790,000 acres at the \$337 payment rate would cost about \$267 million. Under recent circumstances, this would not be financially helpful to the government, for if the Food Agency bought all the rice from 790,000 acres (over 1.4 million tons) and resold it at a loss of \$93 per ton, it would lose "only" \$130 million. Not unless losses of \$190 or more per ton were contemplated would such a high diversion payment result in a smaller government deficit than the support program during the next few years.

### Rice and the structure of farming

Clearly, the rice problem involves not just a commodity but also the entire structure of Japanese agriculture. In 1969, the government proposed to Parliament an amendment to the Agriculture Land Law which would help consolidate farms by permitting owners to rent out their land under much less restrictive conditions than at present. Presumably, the owners of very small plots would rent out to operators of larger farms, much more likely to be viable farm businesses capable of assuming the special risks of commercial crops other than rice, such as vegetables, fruit, and livestock. The Parliament did not enact the proposed amendment, but the government may submit it again in 1970.

The table below helps to show how the farm structure question and the rice question are interlocked. About 52 percent of Japan's rice production in 1967 came from small farms, which plant less than 2½ acres of rice (these are not just large farms with small rice plantings). Yet about 57 percent of the rice marketed by farmers in that year came from the larger farms, which plant more than 2½ acres of rice. Both the level of production and the volume of marketing are part of the problem. However, the marketings to the Food Agency are probably the more worrisome because of financial losses to the government. The new rice policies may be aimed mainly at these larger farms with more than 2½ acres in rice.

If the government revises support price relationships for various crops and provides additional help for farmers starting ventures new to them, those with larger farms may be induced to decrease rice output and take up, say, fruit

farming. But the rice-production decisions of those who farm on a very small scale are much more difficult for the government to influence by similar commodity-type actions. These small farms are not primarily farm businesses, nor are they subsistence farms as known in less developed countries. They are predominantly households which engage in farming part-time; frequently they are in the process of transition to city or town life.

In 1967 there were 5.4 million Japanese farms, but only 1.1 million were full-time farms. Of the 4.3 million part-time farm families, 2.6 million were engaged mainly in jobs other than farming. That is, most of the income of these less-than-half-time farm households came from urban or other off-farm jobs of family members who lived on the farmstead. Since about 4 million farms each planted less than 2½ acres to rice, most of them were probably less-than-half-time farms. As will be explained, very small-scale rice cultivation in modern Japan is especially suitable for this kind of farming. By contrast, those farms planting either more than 2½ acres to rice or none at all tend to be full-time or more-than-half-time farms.

### Decisions at the family level

Government agricultural incentive programs are bound to strike full-time and less-than-half-time farm families quite differently. Since each kind of family controls a sizable segment of the rice economy, their distinctive family circumstances are important. Two models of typical incomes for such families may help us understand some of the problems of making rice policy in Japan.

These models, shown in the table opposite, are a way of summarizing much detailed information that has been collected on farm performance in Japan. The two families are hypothetical, yet they are typical of actual families on smaller and larger scale farms. Family income from a crop is defined as the net annual return to labor on and management of that crop. Net income is calculated as cash receipts from sales plus the market value of the crop grown and consumed on the farm minus all farm expenses allocated to the crop except unpaid family labor.

The "Shima family" ran a less-than-half-time farm in 1967, cultivating a very small land area. The two male adults spent most of their income-producing working hours in off-farm jobs, while the two women did most of the farm work, assisted by the men on their days off, especially during the times of rice transplanting and harvesting. The Shima house-

ROLE OF FARM SIZE IN JAPAN'S RICE PRODUCTION AND OFF-FARM MARKETING, 1967 CROP<sup>1</sup>

Size of farm's rice area	Number of farms planting rice <sup>2</sup>	Total area planted	Production	Marketed off-farm <sup>3</sup>	Not marketed <sup>3</sup>
		<i>Acres</i>	<i>Million metric tons</i>	<i>Million metric tons</i>	<i>Million metric tons</i>
Below 2½ acres <sup>4</sup> .....	3,953,940	4,287,500	<sup>3</sup> 7.5	4.7	2.8
2½ acres and over .....	819,140	3,490,357	<sup>3</sup> 6.8	6.1	.7
Total .....	4,773,080	7,777,857	14.3	<sup>5</sup> 10.8	3.5

<sup>1</sup> Irrigated rice, brown basis. Production of nonirrigated, upland rice only 200,000 tons.

<sup>2</sup> Total all Japanese farms 5,419,000.

<sup>3</sup> Estimates by author based on sources below and other data. Actual 1967 national average yield 1.834 tons (brown basis) per acre. Estimated per acre yield by size class: "Below 2½ acres," 1.74 tons; "2½ acres and over," 1.94 tons.

<sup>4</sup> 1 hectare.

<sup>5</sup> 9.8 million tons sold to Government Food Agency and about 1 million tons through private channels (so-called "black market").

Japan: Bureau of Statistics, Office of Prime Minister, *Japan Statistical Yearbook*, 1968; Ministry of Agriculture and Forestry, *State of Agriculture*, 1967.

# TWO MODELS OF A JAPANESE FARM FAMILY'S INCOME, 1967

Crop or income source	"Shima family," 4 adults, 1 infant: Annual income per person \$572			"Ohta family" 4 adults, 2 teen-agers: Annual income per person \$485		
	Area planted	Typical labor per year	Typical annual net income	Area planted	Typical labor per year	Typical annual net income
	<i>Acres</i>	<i>Man-hours</i>	<i>Dollars</i>	<i>Acres</i>	<i>Man-hours</i>	<i>Dollars</i>
Rice (summer) .....	1.0	558	338	4.2	2,370	1,777
Barley (winter) .....	—	—	—	—	1,600	147
Vegetables .....	.5	410	455	.7	615	683
Fruit .....	.2	400	332	.1	200	167
Eggs .....	—	—	—	( <sup>1</sup> )	120	117
Full-time factory job .....	—	2,000	1,307	—	—	—
Part-time jobs, off-farm .....	—	1,000	427	—	50	20
Total .....	1.7	4,368	2,861	5.1	4,955	2,911

<sup>1</sup> 40 laying hens on 0.01 acre.

Based on production cost survey and other data, Japan's Ministry of Agriculture; *Farm Economy Analysis Report*, Kyoto University (1967); and wage data, Ministry of Labor.

hold produced 1.9 tons of rice, kept 0.7 ton for home use, and marketed 1.2 tons.

Unpaid family labor of all members averaged its best return per hour (\$1.11) in vegetable production. However, the household head and his son agreed that the son should take a full-time factory job with year-round income and chance of advancement rather than use his labor to substitute vegetables for rice on the 1-acre area. Since labor requirements per acre for rice were less than those for other crops, rice, but not the other crops, could be grown on most of the family's land area with only spare-time help from the men.

Moreover, home-grown rice was felt to have cultural value, a place in traditional Japanese life, providing a secure source of staple food and dependable income. Growing perishable vegetables mainly for market was very risky as the family's major income source and yielded no home-grown staple food. Roughly similar family decisions multiplied by about 4 million in 1967 led these very small rice farms, as a class, to market about 4.7 million tons of rice.

## The full-time farmer

By contrast, the "Ohta family" ran a full-time farm in 1967. This household produced 8.3 tons of rice, marketing 7.5 tons. Since the Food Agency subsidized consumer rice prices at levels well below total cost, the Ohtas found it profitable to sell almost all their rice and to buy back much of that used in the household. Storage and milling costs were, in effect, paid by the government.

The Ohta household theoretically could have used most of its 5.1 acres for fruit, vegetables, or livestock, each of which would probably yield greater net income than rice per hour of labor, as well as per land unit, over the long run. However, they decided on rice because the returns from vegetables and bush or vine fruits were more variable than those from rice year by year and because a full-scale tree-fruit or livestock operation would require much new capital investment. The Ohta family would largely cease to benefit from use of community capital invested in irrigation if the rice paddies were converted to dry-field vegetable and fruit growing.

Moreover, outside labor would surely have to be hired by the Ohtas to grow vegetables or fruit full scale, since about 8,000 hours of labor would be needed on 5 acres in the grow-

ing season, too much for the family to provide on its own. The labor needed for rice was less. The family realized that substituting machines for most labor on fruits, vegetables, or livestock was not economical at the 5-acre farm size. Approximately similar family decisions multiplied by over 800,000 in 1967 led the larger rice farms, as a class, to market about 6.1 million tons of rice.

Government farm incentive programs would seem to have a much greater chance of affecting the Ohta family than the Shima family. The Shimas would be more likely to scale down their farming in response to urban-work incentives from Japanese industry than in response to agricultural crop incentives. Already, the income per person in the part-time farm household (\$572 per year) exceeded that in the full-time farm household (\$485 per year).

However, payments for simple land retirement or reforms to facilitate renting out their land might appeal to the Shima family. In a diversion payment program at the \$337 per acre rate, this family would receive a return almost the same as the \$338 earned from growing rice on its 1-acre planting in 1967. But, if land law reforms were passed, and the Shima family rented its land to the Ohta family, what then? The agricultural problem would only be magnified if the Ohtas used the additional land to grow more rice.

## New full-time farm incentives?

Consequently, a key question for the future of Japan's agriculture seems to be: How will the full-time rice farmers react to various incentive programs? How can many of the 800,000 larger scale rice farmers be induced to move out of rice and into other kinds of farming or other jobs?

The economic verdict is still out on the effectiveness of Japan's new attempts to cut back rice output. However, farmers are already being asked not to view the new policies negatively, as an attack on rice, but positively, as a cooperative endeavor to boost their incomes. Greater incomes than from rice are clearly possible for full-time Japanese farmers from hogs, broilers, eggs, milk, cattle, fruits, and vegetables. Further farm policy innovations probably will come in 1970 from Japan's new Parliament and the government. If these innovations demonstrate a positive side, as hopefully they will, the mutual economic benefits for Japanese farmers and consumers—as well as agricultural exporting countries—could be enormous.

*New West German trade regulations could have quite an impact on U.S. seed exports to that country and Germans may be increasingly deprived of their favorite American lawn and turf seeds.*

## Germany: Problem Market for U.S. Seeds

By JOHN S. DeCOURCY

*Assistant U.S. Agricultural Attaché, Bonn*

West Germany is the United States most important seed market in Europe and its third-ranking market in the world. U.S. seedsmen make bigger sales only to Canada and Mexico at present. This situation may soon change, however, because of new trade-constricting regulations put into effect by Germany in 1968.

### German seed picture

West Germany possesses a well-developed seed industry of its own. But it must still import large quantities of agricultural seed and nonagricultural turf seed each year. Climate, soil, and scarcity of land all limit Germany's ability to approach self-sufficiency in its seed requirements, except for grain seeds and the seeds of a few grasses, such as rye and timothy. Production of most other grass seed and seed corn is insignificant. France is the chief supplier of seed corn, and Yugoslavia and Hungary are secondary sources. For legumes, German breeders have produced excellent varieties of alfalfa and clover that are, however, shipped to the United States and France for multiplication.

In 1968-69 the United States supplied about 90 percent of Germany's imports of alfalfa seed, more than 700 metric tons of hybrid seed corn, and the giant share of German imports of red fescue and bentgrasses. In total, the United States supplied about US\$3-million worth of agricultural and grass seed and \$0.5-million worth of vegetable, flower, and other seeds. Seed exports to Germany were a small part of total U.S. agricultural exports to that country (\$550 million); but they were of considerable importance to U.S. seed producers, providing 8.6 percent of all U.S. seed exports.

### Future for U.S. seeds

Because of recent German restrictive seed legislation and the French desire to supply the maximum share of the market possible, in the long run Germany may decline as a market for U.S. agricultural seed. However, it is as a nonagricultural seed market that Germany has the best prospects for the future.

Estimates are that already more than 50 percent of all seed sold each year in Germany is nonagricultural and that this market is expanding at the rate of 10 percent annually. Affluent Germans are looking more and more to home ownership. An average of about 200,000 new single-family homes are constructed per year, and each new home means a new lawn. Additional quantities of turf seed are required for parks, for public rights-of-way along highways, and for athletic fields and golf courses.

U.S. seed should do well in the nonagricultural market. German seedmen have been highly impressed with the multiplicity of types of lawn seed available in the United States and with the standards, research, and breeding work they have noted at both public and private U.S. institutions. German seed breeding, up to now, has been concentrated on

agricultural plants, and the increasingly important nonagricultural field is relatively untouched.

The most commonly used lawn seed mixtures at present in Germany contain up to 60 percent perennial ryegrass, 20 percent red fescue, and smaller amounts of bent and blue grasses. However, research institutes are recommending that the proportion of ryegrass be reduced to about 20 percent or less. Such a reduction would increase the use of fescue, bluegrass, and bentgrasses. The few German lawn seed mixtures without ryegrass in use at present contain chiefly U.S. Highland and Astoria bentgrass, Merion Kentucky blue grass, and Oregon Chewings fescue. Seeds for these grasses are in short supply in Germany, and the shortage is apt to become more pronounced in the next several years.

### Impact of new regulations

With the passage of the 1968 Seed Act, Germany took a long step toward excluding all but certified seed from its market. Even the admittance of certified seed is complicated.

In principle at least, seed can now be imported into Germany only if the variety has been certified in the country of origin. Even then it cannot be imported unless it has been recorded in the German variety list. But to be recorded, it must first be field tested in Germany for 3 to 5 years. Finally, foreign seed cannot be imported unless the country of origin allows importation of German seeds. The United States has already provided a statement of seed import equivalence with Germany.

Seed trade with Germany in the future may also be affected by EC decisions and new rules. According to the EC Forage Seed Directive, the EC Council is to make a decision on the equivalence of various national certifying agencies. Countries whose certifying agencies are not included as equivalent would not be able to export seed to Common Market nations. The EC Commission's first draft proposal for the EC Council has only recently been prepared, however, and final action may not be taken until July 1, 1970.

In the meantime, Germany has recognized specific State certifying agencies within the United States, and this acceptance is sufficient to allow trade to continue.

Further, for practical reasons Germany has granted exceptions to the 1968 Seed Act. The exceptions concern particular certified varieties not on the German variety list and certain seed that may be imported for an indefinite period as commercial seed.

For the certified varieties, specified foreign seed not on the German variety list can be imported during transitional periods of various lengths. For example, U.S. Merion Kentucky bluegrass seed may be imported by Germany until June 30, 1970, and marketed until June 30, 1972. Other varieties on the exceptions list are Pennecross, Astoria, Highland, and Tracenta bentgrasses and Biljart hard fescue.

For uncertified seed, an exception to the certification requirement by Germany permits importation and marketing for an unspecified period for certain varieties as commercial

*(Continued on page 7)*

# 1969 World Agriculture Production Indices

By CHARLES A. GIBBONS

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Larger harvests of rice, wheat, sugar, and coarse grains in the Far East contributed most to a rise of about 4 percent in the index of agricultural production in the less developed countries (LDC) in 1969. Most LDC's in South and East Asia had noticeably better crops in 1969; only Taiwan had a lower output than in 1968. These good gains, on top of those made in 1968, raised agricultural production per person to record levels in the South Asia and East Asia regions.

Agricultural output per capita in the other less developed regions was disappointing. Of 60 countries for which index numbers were computed, only 36 achieved higher production in 1969 than in 1968, and only 23 of them showed higher production per capita.

In the developed regions, half the countries showed increases in agricultural production in 1969 and half showed decreases. The decreases, however, were bigger and total output fell in 1969. The wheat harvest was 9 percent (20 million metric tons) below the good 1968 crop, accounting for most of the drop in the index number of agricultural production. Potatoes, sugarbeets, rye, oats, and rice are other important crops with smaller harvests in 1969 in the developed regions. Corn and barley crops were larger; yields were higher and most countries other than the United States also had higher acreage. Poultry meat and eggs accounted for most of the gain in output of livestock products.

Weather conditions in 1969 were more favorable than in 1968 in Canada, in most of South and East Asia, and in two areas which had been afflicted by drought in 1968—south-eastern Europe (Hungary, Yugoslavia, Romania, Bulgaria and Greece) and West Africa. On the other hand, production in the Soviet Union and Australia was reduced from the record levels of 1968 by comparatively unfavorable weather. Crop production in 1969 was below the good harvests of 1968 in a belt of countries from Scandinavia and Poland southward to North Africa, including nearly all of continental Europe except the Danube and Po valleys. Weather conditions in

Western Europe generally were not bad, but they did not match the very good conditions in 1968. In addition, 1969 was a year of production adjustments, mostly small but having a significant aggregate effect, as governments and farmers struggled with marketing difficulties.

The index numbers shown here differ from those published in *Foreign Agriculture* January 6, 1969, chiefly by the omission of Cuba from the calculations for Latin America because of the scarcity of recent data. Since production per person in Cuba is less than in the 1957-59 base period, omitting Cuba raises the index for Latin America. That change and small revisions in production or population for several countries raise the index of production per capita for the LDC (excluding Cuba) to 100 or above for every year since the base period.

AGRICULTURAL PRODUCTION INDEX NUMBERS, CALENDAR YEARS 1965-69 (1957-59=100)

Area	Total agricultural production					Agricultural production per person				
	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
<b>Developed:</b>										
United States .....	115	114	118	120	121	103	101	104	104	104
Canada .....	128	145	125	134	141	111	124	105	110	113
Western Europe ...	119	120	129	132	130	111	111	119	121	118
Eastern Europe ...	116	127	130	131	128	110	120	122	122	118
USSR .....	116	137	135	144	138	104	121	119	125	119
Japan .....	117	120	130	131	130	109	111	119	119	117
Republic of South Africa .....	117	125	153	133	134	99	104	124	105	104
Australia and New Zealand .....	121	135	128	147	145	105	115	107	121	116
Total .....	117	125	128	132	130	107	114	115	118	115
<b>Less developed:</b>										
Latin America (27 Republics) ...	131	126	133	133	135	107	100	103	100	99
South Asia <sup>1</sup> .....	111	109	123	131	140	94	90	99	103	108
East Asia <sup>2</sup> .....	128	136	134	141	153	106	110	106	108	114
West Asia .....	122	127	136	140	138	101	102	107	107	103
Africa .....	119	119	123	124	127	100	98	99	97	97
Total .....	122	122	129	133	138	102	100	103	103	104
World (excluding Communist Asia) ..	119	124	128	132	133	104	106	107	109	107

<sup>1</sup> Ceylon, India, and Pakistan. <sup>2</sup> Burma, Cambodia, Indonesia, South Korea, West Malaysia, Philippines, China (Taiwan), Thailand, South Vietnam.

## Seeds for Germany

(Continued from page 6)

seed. Included in the uncertified list are bentgrasses other than redtop, sheep fescue, wood bluegrass, rough bluegrass, birdsfoot trefoil, and Berseem and Persian clover. Commercial seed is tested in Germany after importation—a process that is time consuming and involves storage costs. Seed trade in West Germany would benefit greatly from a change in the present regulations that would permit testing of commercial seed in the country of origin.

As the transitional periods granted to specific varieties of seeds expire, German seed buyers will be deprived of some of their first seed choices in turf seed, and U.S. growers will lose one of their best foreign markets.

For example, the exceptions for red fescue and chewings fescue lapsed on June 30, 1969. To beat the deadline Ger-

man importers purchased nearly 2,300 metric tons of U.S. red fescue in 1968-69—enough to meet German domestic requirements for about 2 years. But it would take at least 4 years to have fescue varieties recorded on the German variety list if steps were taken immediately. According to German officials, the supply gap can be filled by the multiplication of approved German varieties of turf grasses in the United States and other countries.

In general, while the new seed laws provide protection for consumers, they lack flexibility to permit farmers and other consumers to buy new varieties as they are developed.

For the U.S. seed exporter, problems with the German market will continue. Seeds not on the German variety list face exclusion from the German market as transitional periods are terminated. But there are also opportunities. To prevent loss of trade, it may be worthwhile to submit certain U.S. varieties for testing and admission to the list.

# The Story of the 1960's: U.S. Poultry Product

By DAVID R. STROBEL  
*Dairy and Poultry Division, FAS*

The most significant factor in world poultry trade during the 1960's was the emergence of the United States as the world's leading exporter of poultry meat. But the decade also saw the rapid growth of poultry production in the European Community (spurred on by the provisions of the Common Agricultural Policy), as well as EC actions to limit import access and to subsidize poultry meat exports. As a result, in 1965 the Netherlands moved past the United States into the top exporter spot and captured the greater part of the world's top poultry meat market—West Germany.

The later years of the decade, however, have witnessed the development of new U.S. poultry products and marketing techniques and the discovery of new markets. Together, these have helped the United States retain its No. 2 exporter rank despite accelerated European competition.

## The course of U.S. exports in the early sixties

As the decade opened, the United States was reaping the rewards of a cooperative poultry export expansion effort that had begun in 1956, when the U.S. Department of Agriculture, through the Foreign Agricultural Service, made local currency funds available under Title I of Public Law 480 to the Institute of American Poultry Industries (IAPPI) for use in overseas promotion. IAPPI had been selected by the U.S. poultry industry's International Trade Development Board to administer the overseas program. A Title I agreement with West Germany had included whole frozen eviscerated broilers—a new item to German consumers. IAPPI set up an

overseas office in Frankfurt to introduce the German housewife to this product's convenience and high quality; it also undertook activities in other countries of Western Europe.

By the end of the 1950's, this promotion effort had already pushed U.S. poultry meat exports to 126 million pounds, or nearly three times the 1956 level of 44.5 million. They were destined to go farther. The first year of the 1960's saw them leap to 176 million pounds, four times the level of 1956; and they continued the upward trend until they reached a peak of 271 million in 1962.

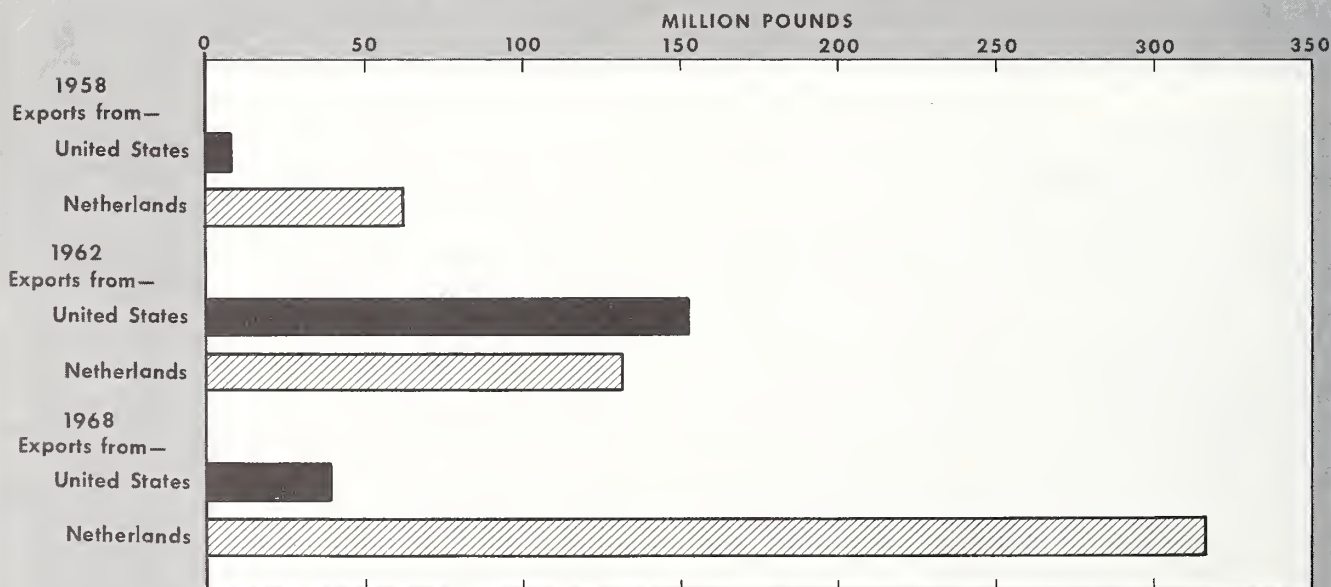
## Effect of the CAP

Also reaching a peak in 1962 was the EC share of our total poultry meat exports, which had been only some 10 percent in 1956. The 1962 share—practically all to West Germany and the Netherlands—was 66 percent. 1962, however, was also the year when the six-nation Community (established in 1959) put into effect its CAP for poultry. The principal provision of this policy was to create a high protective wall around the EC countries' markets for poultry meat. Immediately, the import charges on U.S. whole broilers entering the world's largest import market for poultry meat—West Germany—rose from 15 percent ad valorem to 31 percent.

In spite of this decreased import access to the EC, the United States remained for several years the world's largest exporter of poultry meat—first, by shifting its selling emphasis for the Community from whole broilers to chicken parts, turkeys, and turkey parts, on which the initial protection level was not as high; and second, by seeking out and developing new markets for U.S. poultry products.

But by 1965, the Netherlands had replaced the United States as the world's leading exporter of poultry meat. This

## HIGHLIGHTS OF THE 1960'S: BATTLE FOR THE WEST GERMAN POULTRY MARKET



# World Trade

came about not from the development of a poultry industry in the Netherlands more efficient than that of the United States, but from the combination of limited U.S. access to the big West German market and the export subsidy program put into effect by the EC for poultry meat. This subsidy program, designed as a sales tool to move EC poultry meat into major world markets, had the further result of forcing Denmark—another U.S. competitor—to subsidize its exports also, to meet the EC challenge.

The working of the CAP became increasingly burdensome to U.S. exporters. As the United States increased its exports of chicken parts to the EC, import charges on these items were increased; and as U.S. exports of whole turkeys and turkey parts to the EC continued to grow, the EC's import charges on these too were increased. In addition to applying these high total charges against imports from the United States and other third countries, the EC levy system permits the supplementary levy—a part of the total import charge—

to be increased on 3 days' notice. This is a major point for the U.S. exporter and the German importer to bear in mind, for the supplementary levy can be increased between the time the product leaves U.S. shores and the time it arrives at a German port.

Nonetheless, the United States has kept its No. 2 spot among world poultry meat exporters. In 1968, it shipped out 157 million pounds of poultry meat—25 percent more than the year before the decade began; and of this, only 29 percent went to the EC, compared with the 66 percent of the U.S. total that went to West Germany and the Netherlands alone in 1962, the year the CAP was established. Other markets were now taking 2½ times as much as the Community. However, even with import charges on turkey parts ranging from 7.8 cents per pound to 32 cents per pound, the U.S. exporter succeeded in placing 24 million pounds of turkey parts on the EC market in 1968—2 percent more than the previous year, and more than half of the total U.S. poultry meat exports to that area. Our exports of fresh and frozen poultry meat through November 1969 have held firm in quantity and value compared with the same period of 1968.

This is an amazing record when one considers not only the subsidized EC and Danish competition and the restricted access to the EC, but the strong domestic market that has existed through most of 1969, as well as the low-priced sales by the Eastern Bloc on world markets. It seems clear that if not faced with subsidized competition and access restrictions, the U.S. poultry exporter could sell substantially higher quantities of poultry meat—at least two to three times the current level.

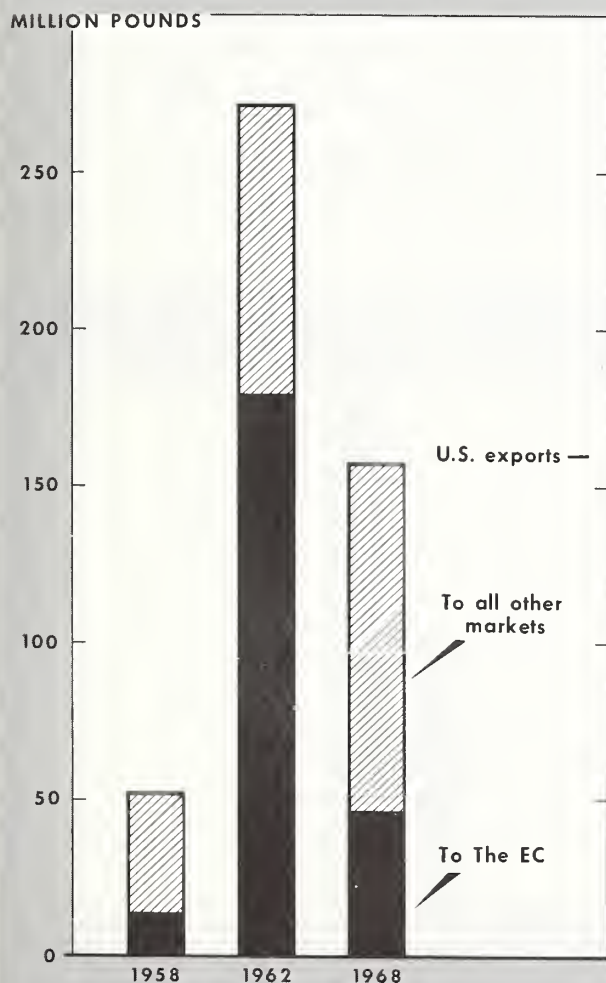
In April 1968, the United States reluctantly decided, after many unsuccessful discussions at bilateral and multilateral levels, that to meet subsidized competition on what had been an important U.S. poultry meat market—Switzerland—it would introduce a limited subsidy program for whole chicken itself. The U.S. share of the Swiss market had sunk to 3 percent in 1967, from a 1960-61 average of 67 percent. The program makes available to the U.S. exporter on a bid basis a subsidy payment that permits his product to be placed on the Swiss market at a price equal to the subsidized prices of competitors. As a result, the U.S. share of the market increased to 30 percent for the period January-November 1969—concrete evidence of the Swiss housewife's preference. Recently this limited U.S. subsidy program was expanded to include Greece, where the U.S. share of the chicken meat market had declined from an average of 53 percent in 1960-64 to 7 percent in 1968.

The game of subsidization, however, is an unprofitable one for all countries indulging in it. It is our hope that soon they will all agree to discontinue the practice. For its own part, the United States would prefer to compete in a free world market based on efficiency.

## The U.S. marketing effort

In the meantime, through the introduction of new products in new markets and through vigorous promotion efforts, the United States continues its export drive for the benefits of the U.S. poultry producer. Surprisingly, West Germany is still our largest poultry export market despite its restrictive import policies as a member of the EC. Other important markets, however, are rapidly developing. The principal ones brightening the U.S. export picture are Sweden, Japan, Hong Kong, and the Caribbean—all requiring different products and offering different opportunities.

**HIGHLIGHTS OF THE 1960'S:  
THE CHANGING EC SHARE  
OF U.S. POULTRY EXPORTS**



Sweden prohibits the importation of uncooked frozen poultry owing to a Newcastle disease barrier. Therefore, the promotion program initiated there by IAPI emphasizes cooked product, especially parts and processed items. The success of IAPI's effort combined with adequate industry followup is becoming increasingly evident. U.S. exports of frozen poultry meat to Sweden rose from 156,000 pounds worth \$75,000 in 1964 to 885,000 pounds worth \$543,000 in 1968. For the first 11 months of 1969, over 1 million pounds valued at \$766,000 moved to this market. Sweden is one of the most affluent of European countries; its consumers are quality conscious, and convenience foods are increasing in popularity. The upward trend of U.S. exports to this market should continue if U.S. exporters make the most of the sales opportunities present there.

Japan, which took only about 10,000 pounds of U.S. poultry meat in 1958, imported almost 13 million from January through November 1969, with a value of \$4.7 million. By far the most important item moving to this market is chicken parts, primarily chicken legs. In 1961, when IAPI began its Japanese program, practically all poultry meat was sold as boned-out product, cut in small pieces suitable for traditional Japanese recipes. Now, bone-in chicken legs are a popular item.

With its population of 100 million and, at present, a per capita annual consumption of only 6 to 7 pounds of poultry meat, Japan still has a vast import potential for chicken meat; in addition, a largely untapped potential for U.S. turkey meat remains to be developed. There is a rising young Japanese broiler industry, but the total turkey population of Japan would be less than 20-30,000 birds. Will the Japanese eat turkey? Would anyone have said 8 years ago that they would eat chicken with the bone in?

IAPI, in its Japanese program of participating in trade fairs and trade center shows and holding special demonstrations and receptions, has been introducing the Japanese

to turkey meat. During a recent visit of mine to Japan, one of the largest meat processors in that country, who also controls a supermarket chain, told me he intended to import whole turkeys for boning out, turkey parts, and turkey rolls. With proper U.S. industry followup, this could be a major breakthrough in the Japanese market for turkey meat.

Food carryout franchise shops, now just coming to Japan, offer a new kind of opportunity to U.S. chicken suppliers. A fried-chicken carryout is among the first; more will rapidly follow. Hundreds of these operations could be located at railway stations and subway stations; the full potential is in the thousands. Uniform quality and uniform special cuts are an important key to their success. U.S. suppliers, with the know-how to service such outlets, have the opportunity to export the kind of chicken they need—high-quality birds of proper size, specially cut and bulk packed.

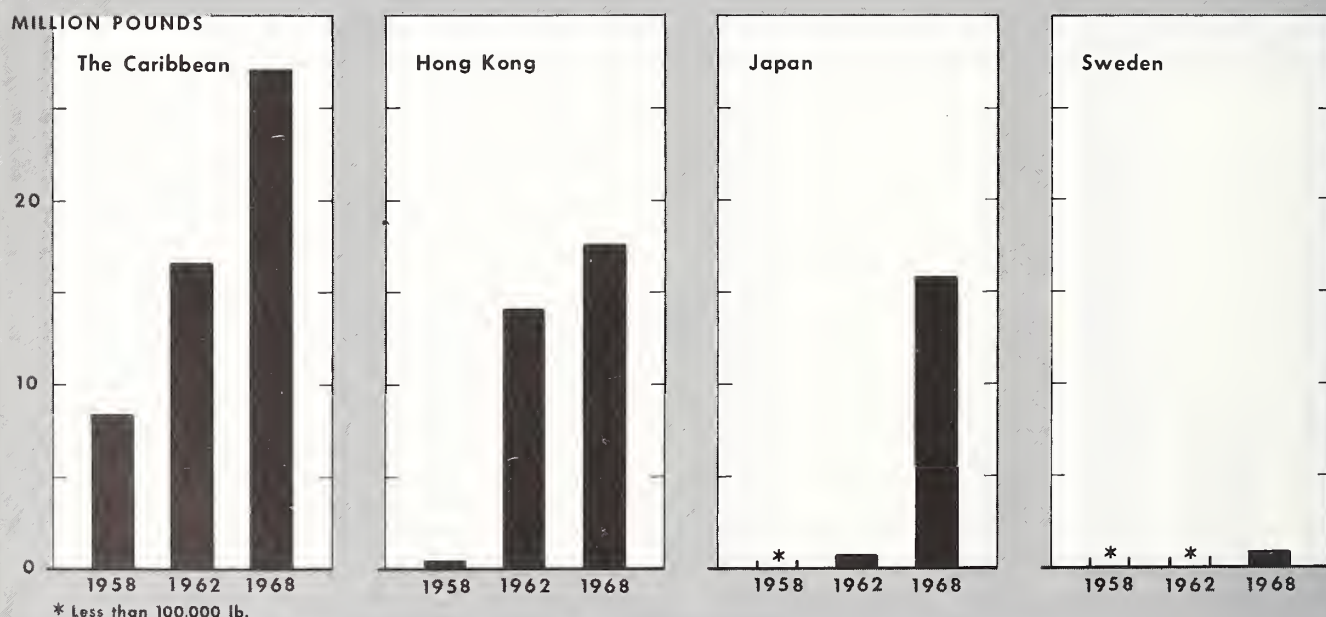
Our exports to *Hong Kong* for the first 11 months of 1969 were at about the same level as in 1968 (when they totaled 17 million pounds for the year); but they were 11 percent higher in value. In 1958, they were only 368,000 pounds.

Chicken parts—wings in particular—are the main U.S. export item for this market. At present, Hong Kong buyers prefer U.S. chicken wings to those from other countries. During the past 2 years, however, we have been losing the frozen whole bird market in Hong Kong to Danish subsidized competition, which lands birds c.i.f. Hong Kong at 26 cents per pound.

An emerging threat on the Hong Kong poultry market is the movement of frozen whole birds from Communist China. This increased from 8 percent of China's exports to Hong Kong 4 years ago to 28 percent in 1968; and it has been reported that for 1969 the percentage may have reached 50. Recent trade reports indicate that the Communist Chinese have lowered their price for whole broilers to the 22-23 cent level to beat the subsidized Danish price.

Hong Kong can be further developed for the more sophisti-

## HIGHLIGHTS OF THE 1960'S: GROWTH OF SOME NEW U.S. POULTRY MARKETS



cated U.S. chicken products; and, like Japan, it should be a good potential customer for U.S. turkey products. An important Hong Kong company is willing to work with U.S. firms in determining the market for turkey, if there are firms with enough interest to send at least a small sample shipment on a consignment basis. Also, a large Hong Kong food manufacturer introducing instant Chinese dinners to the market is interested in importing U.S. poultry meat—chicken or turkey—in frozen boned-out blocks, cubes, or shreds.

U.S. poultry product exports to the *Caribbean* were only 8 million pounds in 1968; for the first 11 months of 1969, they were 26.5 million, with a value of \$6.3 million—an increase of 9 percent in quantity and 16 percent in value over the same period of 1968. The most important item for this market is chicken parts, but also important are whole broilers and whole turkeys. The Caribbean market, of course, is made up of many small countries which added together are the second largest U.S. poultry export destination.

The leading U.S. customer in the area for the first 11 months of 1969 was Jamaica, with 7.7 million pounds, followed by the Leeward and Windward Islands, with 6.1 million; Barbados, with 4.3 million; and the Netherlands Antilles, with 3.6 million. Tourism is a most important source of income for the Caribbean. As more and more hotels and restaurants are built to serve the ever increasing tourist trade,

there will be a rising demand for poultry meat, particularly for further processed items. Owing to the many islands making up the area, the Caribbean is not an easy market to serve. The U.S. exporter who makes the effort, however, will without a doubt find it worth his while.

We believe it is self-evident that such markets as the Caribbean are profitable and worthwhile both to the U.S. exporter and to the U.S. producer, despite increasing competition the world over. If this were not true, our poultry meat export story for 1968 and 1969—in the face of world market conditions today—would be one of a continuing decrease, rather than one of holding our own and even increasing our exports to certain areas. That doing this is important to the producer was recently made a matter of record in an article written by Dr. Ralph L. Baker of Ohio State University (in *Broiler Industry*, July 1969). Dr. Baker emphasizes that poultry products exports in 1968 “pumped more than \$100 million into the American economy. More than half of this added revenue resulted from the effect of this diverted supply on domestic prices.”

We hope the exporter maintains his interest and fully utilizes the IAPI promotional assistance available to him through the cooperative government-industry program. IAPI and FAS stand ready to help him do the job of selling more U.S. poultry products overseas.

## French Farm Group Demands Changes in Farm Policy

A Special Conference of the French National Farm Organization (FNSEA)—first of its kind in the history of the group—was held December 17-18 at Versailles. Background of the meeting was a high degree of farmer unrest, sparked by a series of disquieting developments that had followed the devaluation of last summer. The Conference approved a strong declaration on French agricultural policy which included the following demands on the government:

- Release of the limitations on agricultural credit (which were imposed as part of the general credit restrictions to restrain inflationary forces after devaluation) and a return to the interest rates in effect before the recent raise.

- Increases in the prices of meat, milk, and eggs to the European level, without delay, including the revision of intervention prices and consumption prices; and an end to compensatory measures at the frontiers.

- A strong defense of the French positions taken at Brussels on wine and tobacco and the application of the concept of “quantitative complementarity” (under which imports of a farm commodity must be balanced off by the purchase of equal quantities from the domestic output).

- Controls on imports of fruits and vegetables and reinforcement of producer organizations to permit them to take action to balance markets and assure support of prices.

- A policy of orienting the expansion of European agricultural production in desired directions; the real recognition of professional and community preference; a new hierarchy of farm prices to be rapidly established by Community decisions, with the highest increases for beef and the next highest for milk and corn (the Conference declared the EC Commission's price proposals unacceptable). Production and price proposals should include specific inducements for livestock raising; positive government aid to regions with the least favorable income, notably the mountain regions; and a real premium to encourage producer organizations.

- Immediate reestablishment of credits for agricultural education.

- Complementary allocation of benefits to producers with incomes lower than the minimum wage.

There were no immediate economic causes for the farmer unrest that led to the calling of the Conference; prices, except for milk, were relatively good during the summer and fall. But the farmers' anxiety over their future went deeper and was more widespread than was generally realized.

The government's reasons for not moving agricultural prices up to the European level after devaluation were apparently not well explained, particularly to the livestock producers, who, with incomes considerably lower than those of grain and sugarbeet producers, would have hoped for a priority price increase. The government eventually gave it to them, in effect, but in several stages.

Also disquieting to farmers was the publication of the Vedel report (see *Foreign Agriculture*, Oct. 27, 1969) and a statement by the Prime Minister giving currency to the notion that the government had in mind moving in the direction indicated by that report—toward the disappearance of five out of six farmers and the removal of a third of the land from production.

Spontaneous demonstrations broke out in various regions, culminating in the detention of the Minister of Education on November 16 in Brittany and the sentencing of the young farmers involved. Then a dissident FNSEA group broke off, and problems arose with the Young Farmers (CNJA). The Conference successfully reaffirmed confidence in FNSEA and its leadership and stressed close relationships with the CNJA. Difficult questions remain for the future, of course, and will undoubtedly surface at the next regular conference in March, if not before.

—From a dispatch by THOMAS E. STREET  
U. S. Agricultural Attaché, Paris

*Assistant Secretary Clarence D. Palmby discusses the expanding market for livestock and poultry feed, at home and around the world.*

## Opportunities for Wheat Marketing: Food and Feed

U.S. wheat growers have four basic market opportunities. The domestic food market is our original market and our first consideration. The wheat program has included domestic certificates to assure a satisfactory return for that portion of the crop. And the Administration favors the inclusion of a provision for domestic certificates in future programs.

But when you talk about food use of wheat in this country, the question arises, how big is this market, and how big is it going to be? For the last 25 years, food use of wheat in this country has ranged between 480 million and 525 million bushels. During that time, our population has grown by 43 percent.

It is plain that—while food use has climbed somewhat—it is running far behind population growth. Food use accounts for little more than a third of our production of recent years—even though we have been producing under restrictions.

Secondly, wheat growers produce for export. In the past 10 years, the United States has shipped over 7 billion bushels overseas—roughly two-thirds of this wheat under government programs. Exports have varied widely. They reached a high of 867 million bushels in 1965-66—consisting of about 40 percent commercial exports and the balance on concessional terms.

During the past 2 years, both dollar sales and concessional shipments have dropped off, as production has increased around the world. From a total of 544 million bushels in 1968-69, we hope to expand exports to around 600 million bushels in the current year.

We will continue a vigorous effort to maximize exports. All exporting nations found it necessary to make some price adjustments under the International Grains Arrangement in the middle of 1969. The result is that world wheat trade has stabilized a good deal.

In addition, we are doing everything we can to encourage liberal trade policies around the world, particularly as they affect our farm commodities. This is a long and difficult and often tiresome process, but we have made some gains against the wave of protectionism that has been evident in the world, particularly in the European Community.

But even a modest expansion in wheat exports would mean a total food use of U.S. wheat—at home and abroad—of less than 1.2 billion bushels. Compare that with our recent crops which have averaged above 1.5 billion bushels, even though we are producing under wraps.

A third opportunity for U.S. wheat growers is to produce for feed use in this country. An increasing volume of wheat is being used for feed in the United States. We look for 200 million bushels to be used this way in the current marketing year—up from an average of less than 100 million bushels in the early and middle 1960's.

Livestock is a growth industry in this country. As population grows, and income levels move up, we can certainly look for a continued impact on the demand for livestock

and poultry products. Beef consumption last year was 110 pounds per capita—a jump of almost 30 pounds in 10 years. Not only is more beef being consumed, but a larger share of this is grain-fed beef.

When you couple a per capita increase like this with a sharply rising population the opportunity is plain. Livestock and poultry—and thus the feeding of grains—become a real growth factor in the economy.

To appreciate the opportunity for the feeding of wheat in this country, we must recognize that the share of this market now held by wheat is extremely small. Even if we feed 200 million bushels of wheat this year, this will be less than 3 percent of the grains being fed to livestock and poultry.

In the last 15 years, total U.S. feeding of grains has expanded at such a rate that the increase alone is equivalent to 1.9 billion bushels of wheat. That's larger than our entire 1969 wheat crop.

Finally wheat growers have the opportunity to produce for an expanding animal industry in other countries. The rise in living levels in continental Europe, in the United Kingdom, in Israel, in Japan and other Asian countries—all are bringing increased consumption of animal products. We have the opportunity to capture a growing share of these expanding markets—not only for corn and milo, but for wheat as well.

In Europe and the United Kingdom, a substantial amount of wheat has been fed over the years, but there has been a sharp increase in the past 3 years.

In the European Community, 5.9 million metric tons of wheat was used for feed in 1967-68. The following year, feeding of wheat rose to 7.4 million metric tons, and this year the estimate is for 8.1 million tons.

The United Kingdom fed about 2.5 million tons in 1967-68 and again the following year. This year, the feeding of wheat will approach 2.9 million metric tons.

The rise in feed use of wheat has been more gradual in Japan—taking place over a period of 10 years or so. We estimate that the amount of wheat fed in Japan has gone up from about 700,000 metric tons in 1967-68 to 777,000 the following year, and 838,000 metric tons in the current year ending April 1.

The conclusion we come to is that the market for wheat for food has definite limitations. The use of wheat for food has risen very slowly in the United States, and there seems to be no opportunity to sharply expand flour consumption by people who over the years have shifted away from cereal foods. In our overseas markets, too, the larger expansion is now in animal products and other foods—at the expense of the cereals.

Therefore, if we are to make anything like full use of our present capacity to produce wheat, we will have to market increasing amounts as livestock and poultry feed.

We can expect acre yields to continue their rise. And unless we can expand markets in new directions, we are in for a continued year-by-year reduction in wheat acreages. The greatest opportunity, it seems to me, lies in additional feed use here at home—along with continued efforts to expand exports of grain for both food and feed use.

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The above article was taken from remarks made by Mr. Palmby at a meeting of the National Association of Wheat Growers, Oklahoma City, Okla., January 21, 1970.

# CROPS AND MARKETS SHORTS

## Weekly Rotterdam Grain Price Report

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	January 27	Change from previous week	A year ago
	<i>Dol. per bu.</i>	<i>Cents per bu.</i>	<i>Dol. per bu.</i>
Wheat:			
Canadian No. 2 Manitoba	2.00	0	2.03
USSR SKS-14	1.78	0	1.95
Australian Prime Hard	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
U.S. No. 2 Dark Northern Spring:			
14 percent	1.91	+1	1.90
15 percent	1.98	+2	1.96
U.S. No. 2 Hard Winter:			
13.5 percent	1.76	0	1.84
Argentine	1.73	-2	1.78
U.S. No. 2 Soft Red Winter	1.66	+1	1.74
Feed grains:			
U.S. No. 3 Yellow corn	1.51	0	1.39
Argentine Plate corn	1.49	0	1.42
U.S. No. 2 sorghum	1.47	0	1.37
Argentine-Granifero	1.27	+2	1.27
Soybeans:			
U.S. No. 2 Yellow	2.96	0	2.91

<sup>1</sup> Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

## U.K. Bacon Market Sharing Tonnages

The United Kingdom, after consultation with the Bacon Market Council, has made allocations under the Bacon Market Sharing Understanding for the year commencing April 1, 1970.

Effective April 1, 1970, South Africa will be a member of the Understanding. Over the past few years South Africa has been sending an average of about 1,500 tons a year outside the Understanding.

### U.K. BACON MARKET SHARING TONNAGES

Item	1969-70	1970-71
	<i>Long tons</i>	<i>Long tons</i>
United Kingdom	233,600	<sup>1</sup> 239,000
Exporting countries:		
Denmark	302,850	299,550
Poland	50,310	49,370
Irish Republic	28,180	28,180
Sweden	11,010	11,010
Netherlands	8,160	8,000
Hungary	2,380	2,380
Romania	1,500	1,500
Yugoslavia	1,010	1,010
South Africa	—	1,500
Total	405,400	402,500
Total on the U.K. market	639,000	641,500
Reserve quantity	—	35,000

<sup>1</sup> Expected level of bacon production (projected).

## U.S. Raw Cotton Exports Low

Raw cotton exports for the United States in December totaled 176,000 running bales, up from the 123,000 bales shipped in November but 100,000 bales lower than the same month a year earlier. December exports were greater than any of the previous 4 months of this crop year.

Shipments during the first 5 months (Aug.-Dec.) of the season were 755,000 bales, down sharply from the 1,088,000 bales shipped during the same period a year ago. This is the smallest 5-month total for cotton exports since 1955-56.

### U.S. COTTON EXPORTS BY DESTINATION [Running bales]

Destination	Year beginning August 1				
	Average	Aug.-Dec.			
	1960-64	1967	1968	1968	1969
	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>
Austria	23	1	0	0	0
Belgium-Luxembourg	121	45	30	11	8
Denmark	14	10	1	1	( <sup>1</sup> )
Finland	17	11	3	2	3
France	319	148	88	36	11
Germany, West	269	100	31	11	12
Italy	345	253	62	30	20
Netherlands	110	36	19	7	8
Norway	13	7	5	3	( <sup>1</sup> )
Poland	125	77	106	84	4
Portugal	21	9	8	3	2
Spain	74	7	5	4	1
Sweden	81	75	51	20	13
Switzerland	74	60	32	15	7
United Kingdom	244	125	48	20	10
Yugoslavia	112	67	54	0	0
Other Europe	17	24	7	3	1
Total Europe	1,979	1,055	550	250	100
Algeria	9	13	27	7	2
Australia	61	17	0	0	( <sup>1</sup> )
Bolivia	7	0	0	0	0
Canada	353	142	108	36	58
Chile	18	1	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Colombia	3	0	( <sup>1</sup> )	( <sup>1</sup> )	0
Congo (Kinshasa)	6	13	0	0	0
Ethiopia	9	22	9	7	1
Ghana	1	12	17	8	9
Hong Kong	148	299	194	104	26
India	314	342	174	5	29
Indonesia	40	70	105	47	65
Israel	15	4	1	1	( <sup>1</sup> )
Jamaica	4	1	2	1	1
Japan	1,192	1,103	536	241	176
Korea, Republic of	261	351	447	181	159
Morocco	12	35	19	5	( <sup>1</sup> )
Pakistan	14	18	1	0	8
Philippines	123	154	119	52	31
South Africa	41	23	9	3	1
Taiwan	209	378	259	89	47
Thailand	34	90	66	30	7
Tunisia	2	14	0	0	1
Uruguay	6	0	0	0	0
Venezuela	8	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Vietnam, South	46	24	62	14	25
Other countries	9	25	26	7	9
Total	4,924	4,206	2,731	1,088	755

<sup>1</sup> Less than 500 bales.

## Peruvian Fishmeal Situation

Peru, the world's leading producer and exporter of fishmeal, has suffered a substantial shortfall in fishmeal output since May of 1969. The decline brought about sharp increases in prices that trimmed U.S. imports in calendar 1969 by more than one-half to roughly 375,000 short tons, against the record 855,000 tons in 1968. The decline in fishmeal availabilities has stimulated both domestic and foreign demand for soybean meal.

However, in December, Peruvian output rebounded sharply to roughly 375,000 tons—a volume considerably larger than that in the 3 previous months. This new surge in output has led to a substantial decline in prices.

In projecting the remainder of the 1969-70 season, such all-important factors as the total allowable catch, the meal extraction rate, and product prices (meal and oil) have been taken into consideration.

Thus, it has been assumed: (1) that the basic anchovy stock has not been depleted—as indicated by the improve-

### PERU'S FISHMEAL PRODUCTION, EXPORTS, STOCKS

Item	1967-68		1968-69		1969-70 <sup>1</sup>	
	Quan- tity	Share of year total	Quan- tity	Share of year total	Quan- tity	Share of year total
	1,000 short tons	Per- cent	1,000 short tons	Per- cent	1,000 short tons	Per- cent
October-December:						
Production .....	809	35	659	35	600	33
Exports .....	482	23	666	30	425	24
Apparent change in stocks ....	+327	—	—7	—	+175	—
Stocks, Dec. 31 <sup>2</sup> ..	661	—	432	—	275	—
January-March:						
Production .....	695	31	643	34	650	36
Exports .....	606	29	567	26	525	30
Apparent change in stocks ....	+89	—	+76	—	+125	—
Stocks, Mar. 31 <sup>2</sup> ..	740	—	496	—	390	—
April-June:						
Production .....	445	20	465	25	450	25
Exports .....	592	28	626	29	500	29
Apparent change in stocks ....	-147	—	-161	—	-50	—
Stocks, June 30 <sup>2</sup> ..	576	—	318	—	330	—
July-September:						
Production .....	320	14	116	6	100	6
Exports .....	431	20	316	15	300	17
Apparent change in stocks ....	-111	—	-200	—	-200	—
Stocks, Sept. 30 <sup>2</sup> ..	450	—	110	—	120	—
Total:						
Production .....	2,269	100	1,883	100	1,800	100
Exports .....	2,111	100	2,175	100	1,750	100
Net apparent change in stocks	+158	—	-292	—	+50	—
Apparent domes- tic consumption	53	—	48	—	40	—
Reported catch ....	10,800	—	11,000	—	<sup>3</sup> 9,400	—
Apparent extraction rate ...	—	21.0	—	17.1	—	<sup>4</sup> 19.1

<sup>1</sup> Projected. <sup>2</sup> Adjusted for domestic consumption. <sup>3</sup> Recommended limit of fish landings as indicated by the Peruvian Marine Institute. <sup>4</sup> Estimated fishmeal extraction rate based on the average of the 2 previous years.

ment in the December catch as well as by the previous periods of disappointing results followed by substantial expansion as in 1965; (2) that the volume of the total Peruvian catch in 1969-70 will be about in line with the catch limit recommended by the Peruvian Marine Institute; and (3) that the meal extraction rate will normalize from the relatively low rate of 1968-69.

There are, however, certain major possible sources of error in these assumptions. It has been observed that the government has in the past increased the allowable catch under pressure from the fishing industry. Although such action is aimed at increasing output, this is not necessarily the result because changes in water temperature could reduce the accessibility of the anchovy and increased catches of immature fish could result in a reduced meal extraction rate. However, more widespread use of evaporator equipment in modern plants has tended to improve extraction rates in recent years.

Thus, Peru's fishmeal output in the 1969-70 season could approximate 1.8 million short tons—a decline of less than 5 percent. That decline is significantly less than the 15-percent decline in assumed catch reflects an expected partial recovery in the extraction rate. It should be noted that if the extraction rate were to approximate that of 1967-68, meal output in 1969-70 would show a 5-percent increase.

Regardless of the exact outturn in 1969-70, it appears to be a safe assumption that exports will decline from the record volume of nearly 2.2 million tons last season. The record exports of last season were a function of the substantial reduction in stocks which took place during the April-September period of last year. It seems highly unlikely that stocks will accumulate to the high volume of 1967-68 any time this season. Therefore, prices may tend to continue above the bargain levels which prevailed until May 1969, although improved catches, such as in December, would prevent prices from setting any new records.

Effective January 1, the Peruvian Government increased the rate of export taxes imposed on fishmeal from 1.5 percent on the f.o.b. value at Peruvian ports to 5 percent. Comparably, exports of crude fish oil, formerly taxed at 1.5 percent, are now being taxed at 6 percent and semirefined fish oil, at 2 percent.

## Brazil Expects Record Soybeans

A record soybean crop and record exports now seem certain for Brazil in 1970. According to trade reports, production is forecast at 1.2 million metric tons (44 mil. bu.) from about 2.7 million acres, compared with the unofficial estimates of 950,000 tons (35 mil. bu.) from 2.3 million acres in 1969. The latest forecast of the São Paulo Department of Agriculture indicates that farmers in that State, which accounts for 5 to 6 percent of the crop, increased their plantings by 26 percent. Official estimates from other States are not available, but the trade estimates an increase of 25 percent in Paraná (one-sixth to one-fourth of the crop) and at least 20 percent in Rio Grande do Sul (two-thirds to three-fourths of the crop). Weather conditions have been generally very favorable in all soybean-growing zones so far this season.

If the 1970 crop reaches indicated levels, soybean exports will increase sharply, because there is a greater supply than last year of the oilseeds produced in Brazil, mainly peanuts and cottonseed. Exports are forecast at 450,000 tons (16.5 mil. bu.) compared with the 307,898 tons (11.3 mil. bu.), for 1969 recorded by the preliminary official export data.

The 1969 export season lasted about 3 months (July-September) with about 90 percent of the shipments from Rio Grande do Sul ports. Export handling facilities, including transportation to the ports, will be under more strain in 1970 because of the large Rio Grande do Sul wheat crop and the increased exports of corn from Paraná.

A small increase in domestic soybean crush is expected in 1970, to about 575,000 tons against 550,000 last year. As noted above, ample supplies of major oilseeds will be available. Most local firms prefer to crush soybeans from Paraná and São Paulo because they have a higher oil content than those grown in Rio Grande do Sul and also are closer to major consuming centers. Thus much of the Rio Grande do Sul crop goes to the export market.

## Tobacco Prospects Down in India

According to a recent report from the U.S. agricultural attaché's office in New Delhi, India, the 1969-70 tobacco crop has been adversely affected by unusually bad weather in the major flue-cured production area. The crop, which usually begins moving to market toward the end of January, will be delayed this year by at least 2 to 3 weeks. Industry estimates place this year's production of flue-cured leaf at 80,000 to 85,000 tons, some 15 percent less than last year's crop in the area. The quality of the crop is also expected to be generally inferior to last year's.

India is reported to hold an estimated 40 million pounds of old-crop, low-grade, unsalable stocks that have been offered by barter to several overseas markets. However, the barter arrangements have not so far yielded adequate results.

## Canada's Tobacco Market Prices Off

Sales of 1969-crop flue-cured tobacco on the Ontario tobacco market totaled 80.3 million pounds through January 13, for an average 61.1 U. S. cents per pound. Average prices so far this year are running about 4 cents per pound lower than the same time last year. Daily sales are averaging nearly 2 million pounds; prices during the week of January 5-9 ranged from 59.0 U. S. cents to 60.9 U. S. cents per pound.

Continued low prices following the market reopening on January 5 caused much concern for the growers and tobacco Marketing Board officials. However, after they met with buying company officials on January 12 to discuss the low prices being paid this season, there appeared to be some slight improvement in prices on January 12 and 13.

## Malawi's Tobacco Program for 1970

The 1970 tobacco production targets have been announced by the Farmers Marketing Board of Malawi and approved by the Ministry of Agriculture. Plans call for an overall tobacco crop of 47.2 million pounds, an increase of 62 percent from the 29 million pounds produced in 1960. Breakdown of the planned crop is as follows: Flue-cured 8.0 million pounds; fire-cured 26.0 million pounds; sun-cured 4.5 million pounds; burley 8.5 million pounds; and oriental 200,000 pounds.

While significant increases are planned for all these types, most of the increase is set for fire-cured and sun/air-cured tobacco; anticipated rise in production is double that of last year. To meet these goals, the Farmers Marketing Board im-

plemented certain measures to encourage production: (1) An additional payment will be made to all registered growers of dark-fired and sun/air-cured tobacco who sold tobacco to the Board during the past year; (2) there will be an increase in prices to be paid for the 1970 harvest; and (3) individual quotas will be increased.

The Ministry reported that the 1969 production of fire-cured and sun-cured types of tobacco was substantially lower than the targets. As a result, the tobacco trade failed to obtain its requirements; this adversely affected the country's foreign exchange earnings.

## Australian Canned Fruit Prices

London sources indicate higher Australian canned fruit prices on the United Kingdom market. Opening prices for the 1969 and 1970 seasons are as follows:

Fruit and can size	Price per dozen units <sup>1</sup>					
	Fancy		Choice		Standard	
	1969	1970	1969	1970	1969	1970
	U.S. dol.	U.S. dol.	U.S. dol.	U.S. dol.	U.S. dol.	U.S. dol.
Apricots:						
2½ ..... 3.42	3.42	3.72	3.24	3.54	3.13	3.42
No. 1 ..... 2.13	2.13	2.37	2.04	2.28	1.98	2.22
8 oz. .... 1.41	1.41	1.53	1.35	1.47	1.32	1.44
Clingstone peaches:						
2½ ..... 3.27	3.27	3.51	3.15	3.39	3.03	3.27
No. 1 ..... 1.98	1.98	2.16	1.92	2.10	1.86	2.04
8 oz. .... 1.35	1.35	1.44	1.32	1.41	1.29	1.38
Pears (halves, quarters, and slices):						
2½ ..... 3.51	3.51	3.69	3.33	3.51	3.21	3.39
No. 1 ..... 2.25	2.25	2.37	2.16	2.28	2.10	2.22
8 oz. .... 1.41	1.41	1.53	1.35	1.47	1.32	1.44
Fruit cocktail:						
2½ ..... 4.08	4.08	4.17	3.90	3.99	3.78	3.87
No. 1 ..... 2.58	2.58	2.67	2.49	2.58	2.43	2.52
8 oz. .... 1.68	1.68	1.77	1.62	1.71	1.59	1.68
Fruit salad:						
2½ ..... 4.50	4.50	4.59	4.32	4.41	4.20	4.29
No. 1 ..... 2.79	2.79	2.91	2.70	2.82	2.64	2.76
8 oz. .... 1.80	1.80	1.92	1.74	1.86	1.71	1.83

<sup>1</sup> Ex-terminal container basis.

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## Selected International Retail Food Prices, April-May 1969

International median weekly food basket, dollars

International median weekly food basket, hours

Product	New York		London		Paris		Munich		
	Dollars	Minutes <sup>1</sup>	Dollars	Minutes <sup>1</sup>	Dollars <sup>2</sup>	Minutes <sup>1</sup>	Dollars	Minutes <sup>1</sup>	
Bread, white, unwrapped, 1 kilogram	0.55	13	0.23	13	0.36	25	0.43	23	40
Pasta, noodles .....do.....	.66	15	.48	27	.40	28	.43	23	35
Rice, polished .....do.....	.50	11	.40	23	.30	21	.49	27	
Beef, roasting .....do.....	1.96	45	2.11	119	2.70	188	2.90	157	30
sirloin .....do.....	2.30	53	2.24	127	3.49	243	5.38	291	
Veal .....do.....	3.75	86	2.50	141	3.42	238	3.75	203	25
Pork, loin .....do.....	1.10	25	1.45	82	2.93	204	2.75	149	
pork chops .....do.....	1.10	25	1.58	89	2.21	154	2.13	115	20
Chicken, frozen .....do.....	.70	16	.86	49	1.13	79	.77	42	
Turkey, frozen .....do.....	.65	15	.92	52	2.16	150	1.16	63	15
Ham, cooked, sliced .....do.....	2.61	60	2.64	149	4.27	296	4.65	252	
Sugar .....do.....	.25	6	.20	11	.24	17	.31	17	10
Butter, unsalted .....do.....	1.95	45	.86	49	1.98	138	1.96	106	5
Milk, fresh, 1 liter .....do.....	.30	7	.20	11	.16	11	.21	11	
Eggs, largest, 1 dozen .....do.....	.75	17	.60	34	.70	49	.75	41	0

<sup>1</sup> Work time based on average rates of take-home pay for industrial manufacturing workers (male and female) in April 1969. <sup>2</sup> French prices converted to dollars at new rates effective since August 10.

*A Comparison of Retail Prices in the United States, the USSR, and Western Europe in April 1969, Keith Bush, Radio Liberty Committee, New York.*